



State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF AIR QUALITY
Cheryl Heying
Director

DAQ-071-08

M E M O R A N D U M

TO: Air Quality Board

THROUGH: Cheryl Heying, Executive Secretary

FROM: David Beatty, Operating Permit Section Manager

DATE: September 6, 2008

SUBJECT: PROPOSE FOR PUBLIC COMMENT: Operating Permit Program Fee for Fiscal Year 2010

Background:

Title V of the Clean Air Act Amendments of 1990 (CAAA) requires the State of Utah to develop an Operating Permit Program (OPP), to include a fee system which is to be used to fund all direct and indirect costs associated with administering the OPP. Section 19-2-109.1 (4)(a) of the Utah Conservation Act authorizes the Utah Air Quality Board (the Board) to propose to the legislature an annual emission fee that conforms to Title V of the CAAA for each ton of regulated pollutant.

Utah began collecting an emission fee during fiscal year 1993, based on tons of air pollution emitted, to fund development of the program. The fee has increased in varying increments by 1.4% to 12.3% (one year decreased 4.3%). The current fee charged to fund fiscal year 2009 is \$48.75 per ton of emissions. Most fee increases have been the result of reduced emission tonnages by sources, and increasing salaries and benefits to staff. Staff size has been reduced since 1995 from 39 FTE's to the current level of 31.5 FTE's. This has assisted in keeping fee increases as low as possible.

For fiscal year 2010 staff is basing its proposal on an emissions inventory of 78,500 tons, an amount slightly higher than that of the last few years, due to small increases by several sources. Additionally, staff is proposing to base the fee on a staff size of 31.5 FTE's. The fee calculation is shown in the table below and includes a benefit and merit increase of 5.0% and a small reduction in the fee rate due to a surplus from FY2008, resulting in no fee increase for FY2010.

Operating Permit Emission Fee for Fiscal Year 2010:

FY2009 Projected Salary + Benefits	\$2,740,780	
FY2010 Projected Increase @ 5.0%	\$137,039	
FY2010 Projected Salary + Benefits w/ Projected Increase		\$2,877,819
FY2010 Indirect Costs (Using 14.17%)	\$407,787	
FY2010 Direct Costs (based on FY2009)	\$570,314	
FY2010 Projected Total Expenditures		\$3,855,920
FY2010 Projected Fee Tonnage	78,500	
Fee Rate Per Ton of Emissions		\$49.12
FY2008 Surplus	\$29,134	
Surplus Reduction in Fee	(\$ 0.37)	
FY2009 Proposed Fee Rate Per Ton of Emissions		\$48.75

Current Fee (FY2009) is \$48.75. Difference is \$0 per ton

As part of the fee development process, the fee is included as part of the Department's fee schedule each fall. Additionally, a public comment period will be held to allow an opportunity for interested parties to comment on the Department fee schedule and a public hearing will be scheduled during the fall of 2008. Notice of the comment period and public hearing will be provided in the Legal Notices section of the major newspapers in the state.

Staff Recommendation: Staff recommends that the Board submit as part of the Department's fee schedule, a proposed fee of \$48.75/ton for the Operating Permit Program for fiscal year 2010.